

**Remarks**

This Application has been carefully reviewed in light of the Office Action mailed December 16, 2003. Although Applicants believe all pending claims are allowable without amendment, to expedite issuance Applicants have made clarifying amendments to Claims 24-27, 30-32, and 35. None of these amendments are considered narrowing or necessary for patentability. Applicants have also added new Claims 36-45 depending from independent Claim 24 and containing substantially the same limitations as Claims 14-23. Applicants respectfully request reconsideration and allowance of all pending claims.

**IDS Not Considered**

Applicants submitted an Information Disclosure Statement (IDS) and accompanying two-page PTO-1449 form on February 15, 2000. Applicants appreciate the Examiner initialing page one of the PTO-1449 form. However, page two of the PTO-1449 form was not initialed. Applicants respectfully request the Examiner to indicate his consideration of the references identified on page two of the PTO-1449 form by initialing next to each reference on that page. Copies of the IDS and page two of the PTO-1449 form are attached for the Examiner's convenience.

**Applicants Have Submitted a Terminal Disclaimer**

The Examiner rejects Claims 13-27 under the judicially created doctrine of obviousness-type double patenting over Claims 1, 20, 42, and 61 of U.S. Patent No. 6,188,989 and over Claims 1 and 15 of U.S. Patent No. 6,167,380. Although Applicants do not necessarily agree with or acquiesce to the Examiner's statements regarding the claims of the present Application or their purported relationship to the claims of U.S. Patent Nos. 6,188,989 and 6,167,380, Applicants have submitted the attached Terminal Disclaimer to obviate the obviousness-type double patenting rejections. Applicants respectfully request the Examiner to withdraw these rejections.

**The Claims are Allowable under 35 U.S.C. § 101**

The Examiner rejects Claims 25-35 under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Applicants respectfully disagree.

The patent laws define patentable subject matter as "any new and useful process, machine, manufacture or composition of matter, or any new and useful improvement thereto." See 35 U.S.C. § 101. When an abstract idea is reduced to a practical application, the abstract idea no longer stands alone if the practical application of the abstract idea produces a useful, concrete, and tangible result. This then satisfies the requirements of 35 U.S.C. § 101. See *In re Alappat*, 33 F.3d 1526, 1544, 31 U.S.P.Q. 2d 1545, 1557 (Fed. Cir. 1994); see also *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368, 1373, 47 U.S.P.Q. 2d 1596, 1601-02 (Fed. Cir. 1998). While an abstract idea by itself may not satisfy the requirements of 35 U.S.C. § 101, an abstract idea when practically applied to produce a useful, concrete, and tangible result satisfies 35 U.S.C. § 101. See *AT&T Corp. v. Excel Comm. Inc.*, 172 F.3d 1352, 1357, 50 U.S.P.Q. 1447, 1452 (Fed. Cir. 1999) (stating that as technology progressed, the CCPA overturned some of the earlier limiting principles regarding 35 U.S.C. § 101 and announced more expansive principles formulated with computer technology in mind); see also *In re Musgrave*, 431 F.2d 882, 167 U.S.P.Q. 280 (CCPA 1970) (cited by the Federal Circuit in *AT&T Corp.*, 172 F.3d at 1356). Thus, producing a useful, concrete, and tangible result is the key to patentability according to *State Street* and other applicable case law.

"Only when the claim is devoid of any limitation to a practical application in the technological arts should it be rejected under 35 U.S.C. 101." M.P.E.P. § 2106. Indeed, a method or process remains statutory even if some or all of the steps therein can be performed in the human mind, with the aid of the human mind, or because it may be necessary for one performing the method or process to think. See *In re Musgrave*, 431 F.2d at 893, 167 U.S.P.Q. at 289. As stated by the Federal Circuit in *State Street* and as explicitly confirmed in the M.P.E.P., "[T]ransformation of data, representing discrete dollar amounts, by a machine through a series of mathematical calculations into a final share price, constitutes a practical application of a mathematical algorithm, formula, or calculation, because it produces 'a useful, concrete, and tangible result' -- a final share price momentarily fixed for recording and reporting purposes and even accepted and relied upon by regulatory authorities and in subsequent trades." *State Street*, 149 F.3d at 1373, 47 U.S.P.Q. 2d at 1601-02; M.P.E.P. § 2106. Although Applicants do not necessarily agree with the Examiner's rejection of Claims 25-35 as not reciting a useful, concrete, and tangible result, in an effort to expedite

issuance Applicants have amended Claims 25-27, 30-32, and 35 to make it more clear that Applicants' claims recite a useful, concrete, and tangible result and are therefore directed to patentable subject matter.

As an example, independent Claim 25 is directed to a "computer-implemented method operating on at least one computer system for allowing allocation of products among sellers, the computer system comprising one or more processing units and one or more memory units." Thus, using a computer system to allow allocation of products among sellers is one practical application of independent Claim 25, the useful, concrete, and tangible result being the indication, using the computer system, to each seller in the hierarchy of the allocated supply of the product to the seller. Accordingly, independent Claim 25 is directed to patentable subject matter under 35 U.S.C. § 101.

For at least these reasons, Applicants respectfully request reconsideration and allowance of independent Claim 25 and its dependent Claims 26-35.

**Conclusion**

Applicants have made an earnest attempt to place this case in condition for allowance. For at least the foregoing reasons, Applicants respectfully request full allowance of all pending claims.

If the Examiner believes a telephone conference would advance prosecution of this Application in any manner, the Examiner is invited to contact Christopher W. Kennerly, Attorney for Applicants, at the Examiner's convenience at (214) 953-6812.

Applicants enclose a check for \$180.00 to cover the cost of ten additional claims over twenty total and a check for \$110.00 for filing a Terminal Disclaimer. Applicants believe no other fees are due. However, the Commissioner is hereby authorized to charge any additional fees or credit any overpayments to Deposit Account No. 02-0384 of Baker Botts L.L.P.

Respectfully submitted,

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